

Message Text

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12-S
ACTION SS-25

INFO OCT-01 ISO-00 /026 W
----- 080588

P R 181030Z JUN 75
FM AMEMBASSY BONN
TO SECSTATE WASHDC PRIORITY 0798
INFO AMEMBASSY BRASILIA PRIORITY
AMEMBASSY LONDON PRIORITY
AMCONSUL RIO DE JANEIRO
USMISSION EC BRUSSELS
USMISSION IAEA VIENNA

C O N F I D E N T I A L SECTION 01 OF 02 BONN 09702

EXDIS
LONDON FOR MYRON KRATZER
E. O. 11652: GDS
TAGS: TECH, PARM, GW, BR
SUBJECT: FRG SALE OF NUCLEAR TECHNOLOGY TO BRAZIL --
NUCLEAR EXPORT CONTROLS

REF: A. BONN 9589 (NOTAL); B. BONN 09555 (NOTAL)

1. SUMMARY: DURING BRIEF VISIT TO FRG, MYRON KRATZER, DEPUTY ASSISTANT SECRETARY FOR NUCLEAR ENERGY AND ENERGY TECHNOLOGY AFFAIRS, DISCUSSED TOPICS OF MUTUAL INTEREST WITH APPROPRIATE GERMAN OFFICIALS FROM FOREIGN OFFICE AND MINISTRY FOR RESEARCH AND TECHNOLOGY. TOPICS OF MOST INTEREST TO FRG REPS INCLUDED CURRENT USG SUSPENSION OF NUCLEAR EXPORTS, ESPECIALLY HIGHLY ENRICHED URANIUM FOR AVR REACTOR. HAUNSCHILD, FRG DEPUTY MINISTER FOR RESEARCH AND TECHNOLOGY, INITIATED LONG DISCUSSION ABOUT SALE OF GERMAN NUCLEAR TECHNOLOGY TO BRAZIL. HIGHLIGHTS ARE REPORTED BELOW.
END SUMMARY.

2. HAUNSCHILD WENT TO GREAT LENGTHS TO EXPLAIN RATIONALE FOR DECISION TO SUPPLY BRAZIL WITH FACILITIES FOR FULL NUCLEAR FUEL CYCLE. HIS BASIC ARGUMENT WAS THAT
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COOPERATION UNDER EFFECTIVE CONTROLS WAS LIKELY TO DETER

BRAZILIAN PROGRESS TOWARD A NUCLEAR WEAPON CAPABILITY MORE EFFECTIVELY THAN LEAVING BRAZIL IN ISOLATION WITH AN INCENTIVE TO DEVELOP AN INDEPENDENT TECHNOLOGY. KRATZER SUGGESTED THAT COUNTRIES SUCH AS BRAZIL WERE NOT AS CAPABLE OF MAKING INDEPENDENT PROGRESS AS THEY BELIEVED. HAUNSCHILD RESPONDED THAT BRAZIL WOULD NEED OUTSIDE HELP ONLY IN BUILDING A COMMERCIAL-SIZE RE-PROCESSING PLANT. THE CONSTRUCTION OF SMALL FACILITIES FOR RECOVERING SEVERAL KILOGRAMS OF PLUTONIUM ANNUALLY WAS WITHIN THE REACH OF THE BRAZILIANS, AS THE INDIAN EXPERIENCE PROVED.

3. HAUNSCHILD STRESSED THAT FRG HAD NEGOTIATED CONTROLS ON TECHNOLOGY, THUS ENSURING THAT GERMAN FACILITIES COULD NOT BE REPLICATED ON AN UNSAFEGUARDED BASIS. KRATZER RESPONDED THAT THE METHOD OF APPLYING SAFEGUARDS ON TECHNOLOGY WOULD BE EXTREMELY IMPORTANT. PARTICULARLY IN CONNECTION WITH REPROCESSING FACILITIES, WHERE MUCH INFORMATION IS IN PUBLIC DOMAIN, BRAZIL MIGHT CONTEND THAT A FOLLOW-ON REPROCESSING FACILITY WAS IN FACT NOT DEPENDENT ON GERMAN-SUPPLIED TECHNOLOGY.

4. HAUNSCHILD NOTED THAT THIS TRANSFER OF NUCLEAR TECHNOLOGY WILL BE UNDERTAKEN BY JOINT COMPANIES. KRATZER OBSERVED THAT THE EFFECTIVENESS OF SUCH AN ADDITIONAL ASSURANCE WOULD BE HEAVILY DEPENDENT ON THE PARTICIPATION OF GERMAN PERSONNEL -- NOT ONLY IN MANAGEMENT, BUT IN PLANT OPERATIONS AS WELL. HAUNSCHILD BELIEVED THAT THIS WOULD CERTAINLY TAKE PLACE, SINCE OTHERWISE THE PROJECTS WOULD NOT BE SUCCESSFUL.

5. KRATZER INDICATED THAT SOME OF OUR CONCERN OVER THE FRG-BRAZIL ARRANGEMENT MIGHT BE DUE TO INADEQUATE INFORMATION ABOUT THE DETAILS OF THIS ARRANGEMENT, ESPECIALLY THE TIMING AND THE SCALE OF THE NUCLEAR FUEL CYCLE FACILITIES TO BE BUILT. HE WONDERED WHETHER ADDITIONAL DATA OF THIS TYPE COULD BE PROVIDED. HAUNSCHILD ACKNOWLEDGED CONFIDENTIAL

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THAT THE FRG HAD NOT RESPONDED TO PREVIOUS US EXPRESSIONS OF INTEREST IN SUCH INFORMATION. THIS RELUCTANCE WAS BASED ON THE FACT THAT THESE DATA WERE COMMERCIALY SENSITIVE AND THE FRG-BRAZIL NEGOTIATIONS WERE STILL IN PROGRESS. HAUNSCHILD BELIEVED THAT MORE INFORMATION COULD NOW BE MADE AVAILABLE. NOTE: SUBSEQUENT DISCUSSIONS OF THIS POINT WITH DR. WIENHOLTZ, CHIEF OF OFFICE OF BILATERAL

COOPERATION WITH WEST, TECHNOLOGY MINISTRY, INDICATE

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ACTION SS-25

INFO OCT-01 ISO-00 /026 W

----- 080569

P R 181030Z JUN 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC PRIORITY 0799

INFO AMEMBASSY BRASILIA PRIORITY

AMEMBASSY LONDON PRIORITY

AMCONSUL RIO DE JANEIRO

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C O N F I D E N T I A L SECTION 02 OF 02 BONN 09702

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THAT THIS MIGHT BE MORE DIFFICULT THAN HAUNSCHILD BELIEVED. FRG AND BRAZIL HAVE APPARENTLY AGREED TO KEEP DETAILS OF THEIR ARRANGEMENT SECRET, AT LEAST UNTIL AFTER SIGNATURE OF AGREEMENT. FRG TECHNOLOGY MINISTRY HAS REFERRED QUESTION TO FOREIGN OFFICE. EMBASSY WILL FOLLOW-UP.

6. WITH RESPECT TO URANIUM ENRICHMENT, HAUNSCHILD POINTED OUT THAT PRESENT STAGE OF DEVELOPMENT OF JET NOZZLE TECHNOLOGY ASSURED THAT THIS FACILITY WOULD NOT BE OF COMMERCIAL SIZE NOR WOULD IT BE CAPABLE OF PRODUCING HIGHLY-ENRICHED URANIUM. HAUNSCHILD CONCLUDED DISCUSSION OF THIS TOPIC WITH REMARK THAT WE WOULD BE PLEASED BY MANY FEATURES OF FRG-BRAZIL AGREEMENT WHEN WE SEE IT.

7. IN DISCUSSIONS WITH HAUNSCHILD AND SEVERAL OTHER FRG OFFICIALS, KRATZER EXPLAINED NEW PROCEDURES FOR ISSUANCE OF EXPORT LICENSES IN SOME DETAIL AND

EMPHASIZED THAT USG POLICY ON INTERNATIONAL NUCLEAR
COOPERATION REMAINED UNCHANGED, ALTHOUGH INTERNAL
ORGANIZATIONAL RESPONSIBILITIES HAD BEEN MODIFIED.
FRG REPS URGED PROMPT ACTION IN APPROVING EXPORT OF
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HIGHLY-ENRICHED URANIUM NEEDED FOR AVR REACTOR.
CASH

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: URANIUM, SALES, POLICIES, FISSIONABLE MATERIALS TRANSFER, NUCLEAR SAFEGUARDS, EXPORT CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 18 JUN 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975BONN09702
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750212-0075
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750636/aaaabgll.tel
Line Count: 182
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: 75 BONN 9589, 75 (NOTA BONN 09555
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 07 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <07 APR 2003 by BoyleJA>; APPROVED <22 SEP 2003 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FRG SALE OF NUCLEAR TECHNOLOGY TO BRAZIL -- NUCLEAR EXPORT CONTROLS
TAGS: TECH, PARM, GE, BR, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006